

season of 1898-99 did not exceed 7 per cent.¹ It became evident, however, to the government, that reliance could not be placed entirely upon starving the circulation in order to bring the rupee coinage up to the legal parity. Accordingly a new commission was appointed in October, 1898, which made a careful report on July 7, 1899, in favor of taking additional steps to ensure the equal value of the rupee coinage with gold. The chief measure which they recommended was that the English sovereign should be made a legal tender and a current coin in India and that gold should be freely coined at the Indian mints on private account.* The first part of this programme was adopted by the government.

But events now began to bring about what legislation alone had proved insufficient to accomplish. The rate for Council bills in London, which had improved only slightly in 1896, was 144- pence in 1897, and 15-J- pence in 1898-While the special commission was sitting, the rate moved up to parity at 16 pence and gold began to be deposited for rupees and currency notes. By March 31, 1899, the gold which had accumulated in the reserve was , £2,035,448 and in another year amounted to ^9,291,019 (\$45,300,000), including ;£ i, 500,000 deposited in I^ondon. From that time the success of the project of maintaining a fixed exchange with gold countries was assured, and'as the demands for rupee currency grew in India the gold-standard reserve, which had been separated from the currency reserve, rose in March, 1906, to ^12,262,700 and in March, 1908, to ^18,355,-300. This amount is exclusive of the currency reserve, held against outstanding paper notes, which contained in 1906 ;£ii,575,400 in gold coin and bullion.⁸

The gold standard was thus established as firmly in India as in England or France, and subsequent events showed that the new system was capable of enduring the shock of a

¹ Report of the Indian Currency Committee of 1898, Commission on. International Exchange, foaj, 305.

* Commission on International Exchange, 1903, 317. ³ The Gazette of India, March 21, 1908, 754.